FYBMS – Fundamentals of Business – I

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Module – 1 Business & Business Environment

Concept of Business: - The term "Business" refers to commercial activities relating to production & distribution of goods and services for economic gain i.e. profit

According to Keith Davis "Business is an organized-efforts by individuals to produce goods and services, to sell these goods and services in market place, and to reap some reward for this effort."

Types of Business Entities: -

1) Sole Proprietorship.
2) Partnership.
3) Joint Stock Company
4) Non-Profit Organization.
5) Cooperative Society.

Features of Business

1) Economic Activity.
2) Sole or Exchange of Goods & Services.
3) Continuous Process.
4) Profit Motive.
5) Risk & Uncertainty.
6) Organization & Measurement.
7) Customer Satisfaction.
8) Social Responsibility.
9) Dynamic Nature.

Scope of Business: -Business is concerned with production & distribution of goods and services. The business activities are classified in two groups:

1 Industry: - Industry is concerned with production of goods & services. The industry is concerned with processing & production of goods, extraction of natural resources, reproduction of plants and animals, etc. The industry represents supply side i.e. supply of products to meet demand of customers.

Types of Industries: -

1) Primary Industries
2) Genetic Industries
3) Extractive Industries
4) Manufacturing Industries
5) Construction Industries
6) Service Industry

2 Commerce: - It is a part of business, which is concerned with distribution of goods and services.

Commerce can be broadly divided into two groups; Trade & Aids-to-Trade.

Commerce = Trade + Aids – To – Trade.

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(I) Trade: -Trade refers to buying & selling of goods and services. It involves transfer or exchange of goods and services for money or money's worth. With the help of Trade, the manufacturers can transfer the goods to final consumers.

Types of Trade

- Internal Trade or Home Trade
- External Trade or Foreign Trade

(A) Internal Trade: -

1) Wholesale Trade
2) Retail Trade

(B) External Trade: -

1) Export Trade
2) Import Trade
3) Entrepot

(II) Aids–To-Trade: - They are the activities, which (directly or indirectly) facilitates smooth exchange of goods and services. The need for aids-to-trade is felt because the traders face some difficulties in smooth conduct of trade. Thus, the agencies or activities that facilitate smooth flow of goods from the producer to the consumer are called as aids-to-trade.

1) Warehousing
2) Transport
3) Communication
4) Insurance
5) Banking
6) Advertising
7) Salesmanship
8) Mercantile Agents.

Significance of Business

(I) Importance to Business Firms

1) Achievement of Objectives.
2) Corporate Image
3) Customer Satisfaction
4) Competitive Advantage
5) Efficiency of Business
6) Expansion of Business
7) Economies of Scale
8) Optimum Utilization of Resources
9) Research & Development
10) Relationship with Society
11) Social Status

(II) Importance to Consumers

1) Availability of Quality Goods & Services
2) Goods at Good Price
3) Better Facilities & Services
4) Customer Satisfaction
5) Higher Standard of Living
6) Status to the Customers

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(III) Importance to Society

1) Economic Growth
2) Employment
3) Regional Development
4) Revenue to the Government
5) Social Order
6) Standard of Living
7) Capital Formation
8) Competition Benefits to Society
9) Infrastructure Development
10) International Relations

Objectives of Business & its Classification: -

(I) Organic Objectives of Business

1) Survival
2) Growth
3) Prestige

(II) Economic Objectives of Business

1) Profit
2) Resource Utilization
3) Innovation
4) Creation of Wealth
5) Creation of Customer
6) Corporate Image
7) Expansion of Markets
8) Sales
9) Market Share
10) Product Introduction

(III) Social Objectives of Business

1) Social objectives towards Customers
2) Social objectives towards Employees
3) Social objectives towards Dealers
4) Social objectives towards Financial Institution
5) Social objectives towards Government
6) Social objectives towards Shareholders
7) Social objectives towards Suppliers
8) Social objectives towards Media
9) Social objectives towards Competitors

(IV) Human Objectives of Business

1) Fair Wages
2) Working Conditions
3) Workers' Participation in Management
4) Welfare Facilities
5) Human Resource Development
6) Job Satisfaction

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7) Human Objectives towards Customer & Society

(V) National Objectives of Business

1) Social Justice
2) Development of Small-Scale Industry
3) Production as Per National Priorities
4) Self Sufficiency
5) Development of Backwards Areas
6) Employment Opportunities
7) National Integration & Communal Harmony
8) Social Welfare

Corporate Social Responsibility: - CSR refers to the ethical framework where business consider the social, environmental, & economic impacts of their operations, and take actions that contribute to societal welfare.

Importance of CSR: -

1) Improves Public Image.
2) Boosts Employee Morale & Retention.
3) Enhances Community Relations.
4) Risk Management & Compliance.
5) Attracts Investors.
6) Encourages Innovation.
7) Sustainable Brand Loyalty.
8) Positive Impact on Society.
9) Improves financial performance.

Introduction to Business Environment: -Business environment consists of all the internal & external forces or factors that influence the working of a business firm.

Importance of Business Environment: -

1) Identification of Strengths.
2) Identification of Weakness.
3) Identification of Opportunities.
4) Identification of Threats.
5) Planning.
6) Organizing Resources.
7) Motivating Employees.
8) Controlling.
9) Survival & Growth.

Constituents of Business & Environment: - The business environment can be broadly divided into two groups: -

(I) Internal Environment.

(II) External Environment.

(I) Internal Environment: -

1) Mission & Objectives.
2) Plans & Policies.
3) Human Resources.

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4) Physical Resources.
5) Financial Resources.
6) Corporate Image.
7) Labor-Management Relations.

(II) External Environment: -

External Environment	
(A) Micro Environment	(B) Macro Environment
1) Customers.	1) Demographic Environment.
2) Competitors.	2) Economic Environment.
3) Suppliers.	3) Natural Environment.
4) Channel Intermediaries.	4) Technological Environment.
5) Society.	5) Legal Environment.

International Trading Environment: - The international trading environment refers to the external forces conditions, & institutions that affect the operations & strategies of trading engaged in global trade & investment. It encompasses economic, political, legal, technological, social & cultural dimensions that influence business decisions & outcomes across borders.

Key Components of the International trading environment: -

1) Trade Agreements & Treaties.
2) Tariffs & Trade Barriers.
3) Exchange Rates & Currency Fluctuations.
4) Economic Conditions.
5) Market Access & Entry Modes.
6) Cultural & Social Factors.
7) Political Stability & Risks.
8) Intellectual Property Rights.
9) Supply Chain & Logistics.

Importance of International trading environment: -

1) Economic Growth & Opportunities.
2) Diversification & Risk Management.
3) Efficiency & Cost Savings.
4) Innovation & Competition.
5) Enhanced Consumer Choices.
6) FDI
7) Cultural Exchange.

World Trade Organization: - In 1947, 23 countries including India signed the General Agreement on Tariffs and Trade (GATT). GATT was created to reduce global depression and to liberalise and regulate the world trade by reducing tariff barriers. GATT has been replaced by WTO in 1995. WTO is wider in scope as it includes not only regulation of world trade of goods, but also it regulates trade in services, intellectual property rights and investment. It is concerned with not only reducing or eliminating tariff barriers but also non-tariff barriers such as quotas. In January, 2010, the membership of WTO was 153 countries.

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OBJECTIVES OF WTO: - WTO desires to achieve the objectives as decided by GATT. These are as follow: -

1) Free trade i.e. trade without discrimination.

2) Growth of less developed countries.

3) Protection and preservation of environment.

4) Optimum utilisation of available world's resources.

5) Raising living standard of citizens of member countries.

6) Settlement of trade disputes among member countries through consultation and dispute settlement procedure.

7) Generating employment opportunities at global.

8) Enlargement of production and trade.

Trading Blocs & Their Impact on Indian Business: - Trade blocs and free international trade do not go together. In fact, trade blocs are against the growth of free global/international trade. They adversely affect the process of trade liberalization at the global level. However, trade blocs are also useful for integration of economies of member countries. EU is one popular and successful trade blocs which has brought the integration of economies of member countries. All member countries are getting benefits from this trade bloc.

1) European Union: - This was originally established as European Common Market by the treaty of Rome in 1957, and came into operation in 1959. The founder members of the community were France, West Germany, Italy, Belgium, Netherlands and Luxembourg. In 1973 UK joined the community. Today it is known as EU, and comprises Belgium, Denmark, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain United Kingdom, Germany, Luxembourg, Finland, Austria and Sweden.

The association has advanced to the extent of removing most trade barriers and allowing free movement of persons and goods within the union. They have also established a European Parliament for which member are selected from each country on proportionate basis, and are given powers to legislate may issues which are them ratified by the governments. They have a common currency which is the Euro.

2) NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA): - The North American Free Trade Agreement (NAFTA) is the most powerful trade bloc in the world. The members of the bloc are USA, Canada and Mexico. This bloc came into operation in 1994. The NAFTA is basically a trade and investment agreement with a view to reduce barriers on the flow of goods, services and people among the three counties. The agreement covers only goods and services manufactured/produced in North America or if imported goods and services that meet certain local content requirements, the nationality of ownership does not matter, as long as such local content requirements are met.

3) SOUTH ASIAN ASSOICATION FOR REGIONAL CO- OPERATION (SAARC): - Seven nations in the Indian subcontinent region have joined hands to form the South Asian Association for Regional Co-operation (SAARC) in 1985. The SAARC members include India, Pakistan, Srilanka, Bangladesh, Nepal, Bhutan and Maldives. Its headquarter has been established at Kathmandu. A conference of heads of the countries is held every year but conferences were generally delayed for the one reason or the other.

4) SAARC PREFERENTIAL TRADING ARRANGEMENT (SAPTA): - The Agreement on SAARC Preferential Trading Arrangement (SAPTA) was negotiated in the year 1993 by the 7 developing countries namely Bangladesh, Butan, India, Maldives, Nepal, Pakistan and

Sri Lanka was signed in Dhaka in April 1993. Were members of South Asian Association for Regional Cooperation (SAARC).

Positive Impact of Trading Blocs on Indian Business: -

1) Increased Market Access.
2) Growth in Exports.
3) Foreign Direct Investment (FDI) Inflows.
4) Improved Competitiveness.
5) Economic Growth & Job Creation.

Negative Impact of Trading Blocs on Indian Business: -

1) Increased Competition.
2) Trade Deficits.
3) Impact on Domestic Industries.
4) Loss of Sovereignty in Trade Policy.
5) Dependency on Trading Blocs.

Module – 2 Project Planning & Entrepreneurship

Meaning: - Business planning is a process that involves the creation of a mission or goal for a company as well as defining the strategies that will be used to meet those goals or mission. The process of business planning can be very broad, encompassing each aspect of the operation, or be focused on particular functions within the overall corporate structure. Business planning refers to a process of deciding in advance in respect of business activities.

IMPORTANCE OF PROJECT PLANNING: - Project planning provides the blue print for starting and managing the project.

1) Achievement of strategic goals: - Every successful project delivers your future organization and helps it to accomplish its strategic goals. It organizations must flourish and keep up with competitive, its members must be effective at project management. Appropriate, careful planning will ensure that projects will not over run deadlines and pile on unexpected costs. Such a situation would only endanger the anticipated corporate benefits of the Organisation.

2) Time management: - It estimates the time required for a project to finish through the time management plan. It is essential to complete the project within specified time in order to achieve the predetermined objectives. Project planning specifies the time required for each and every activity right from establishing the enterprise to undertaking production activity.

3) Innovation: - Project planning may encourage creativity or innovation. For example, if the project planning targets are highly challenging, the employees of the company need to come up with innovative ideas to face the challenges and achieve the target.

4) Identifies Risk: - It identifies possible risks during the course of the project and makes preparations in case those risks may happen through the risk management plan. It is always better to have an insight about the possible financial, social, physical etc. risk involved in promoting and developing the project.

5) Motivation: - Project planning may motivate employees. Due to project planning, the company may achieve higher performance in terms of profits, market shares, etc. Therefore, the company management may motivate the employees by providing additional incentives such as increase in pay, higher bonus etc.

6) Better coordination: - It coordinates multiple resources within time and cost restraints almost accurately. For any production activity to be commenced various factors of production are required. Project planning brings clarity in acquiring and utilization of finds thereby ensuring proper coordination.

7) Investment Decision: - Project plan supplies vital information about the cost of raising funds, operating cost, expected rate of proposed project, etc. Therefore, project plan can be used by promoters to take investment decisions such as debt equity ratio.

8) Specifies Quality: - It gives a clear detail on the standards of the projects and what should be expected from the project through quality management plan. People working down the hierarchy become aware of the standard that is expected about the product and their performance.

9) Project Evaluation: - Project plan acts as a controlling device to check the project progress and the project expenditure. Corrective measures can be taken to correct if there any deviations between planned expenditure and actual expenditure of the project.

PROJECT REPORT: - A project report is a written document containing complete information about the proposed project in summary form. It serves as the base for feasibility studies and actual execution of the project. It is generally prepared by the company's own technical experts and professionals, or by outside experts or consultants like Consulting Engineer, Management Consultants, and Chartered Accountants.

CONTENTS OF PROJECT REPORT: -

1. Name, address and other details of the sponsoring agency.
2. Brief history and summary of proposed project.
3. Salient features of the project with particular reference to land, buildings, plant and machinery and raw materials, availability of labour etc.
4. Technical details of the project which include the details of plant layout, location, manufacturing process, products, etc.
5. Manpower requirement of the project.
6. Financial aspects of the project.
7. Cost of production and profitability.
8. Total income, operative profit and net profit.
9. Information regarding marketing.
10. Importance of the project to the national economy.

FEASIBILITY STUDY: - Feasibility study of a project refers to finding out the practical utility or the future prospects of a project. It is an impartial and a scientific study of the project before its final selection. Feasibility study is undertaken by experts. It may also be undertaken independently by banks or financial institutions. Even the government agency may conduct feasibility study before granting licence, permission or financial assistance to a new project. Such a study is necessary and useful especially in case of large projects which need huge financial investment. The basic purpose of feasibility study is to find out whether the project is technically, economically, financially and managerially sound. Although every

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feasibility analysis is different and is tailored to suit the product, its goal is to identify the strengths and weaknesses of a project.

TYPES / AREAS OF FEASIBILITY STUDY: -

1) Technical feasibility study: - Technical feasibility relates to the technical aspects of the project. Location, size, layout and technology are the important aspects which are considered in the technical feasibility study. Certain basic requirements of the project such as water supply, fuel, transport, waste disposal are also considered while conducting technical feasibility study. Location is an important consideration, because project fails when located at an inconvenient place. Similarly, an uneconomic size suggested in the project may bring financial loss to the project. In the same way, old and outdated technology affects the quality and cost of production adversely. It is also possible to alter or improve the project from such technical feasibility study.

2) Economic / Market feasibility study: - Economic feasibility study relates to the market and marketing of proposed product. This feasibility study begins with an estimate of market demand which should be as accurate as possible. Over-estimation of demand results in over-investment and low return on the investment made. The success and profit of a project largely depend on the market available for the product both at present and in future. The market potential is extremely complicated due to rival producers, market competition and substitutes available. Even the export market for the product should be estimated if the product is suitable for export trade.

3) Commercial / Financial feasibility study: - Commercial feasibility study relates to the financial aspects of the project. This study is concerned with capital cost estimates working capital needs, sales revenue, earning estimates, cash-flow studies and availability of funds for the execution of the project. Financing agencies like banks and financial institutions are interested in the profitability of the project as recovery of loan given is directly related to profitability of the project. The commercial feasibility study is important to the sponsors of the project as one basic purpose while executing the whole project is to earn profit. **4) Managerial 4) Managerial Feasibility Study: -** Managerial feasibility study needs to be studies while preparing the technological and economic feasibility study. It is advisable to ensure that all ingredients of efficient management are taken into consideration in the proposed project. The managerial personnel at all levels need careful consideration in this study. In addition, attention should be given to other points like organizational structure envisaged for the project, requirement of different categories of personnel and so on. The success and profitability of the project partly depend on managerial competence.

5) Legal Feasibility Study: - Legal feasibility study not necessarily last, but all projects must face legal scrutiny. When an organization has either internal or external legal counsel, such reviews are typically standard. However, a project may face legal issues after completion.

Importance of Feasibility Study: -

BUSINESS UNIT PROMOTION: -Business unit promotion refers to all those activities relating to setting up and promotion of business units.

Business promotion simply refers to all those activities that are required to be undertaken to establish a new business unit for manufacturing or distribution of any product or provide any service to the people.

STAGES OF BUSINESS UNIT PROMOTION: -

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1) Discovery of business opportunity: - The task of a promoter starts with his conception of a business activity. Here, the promoter considers available business opportunities and selects the one which is most promising and can be used with limited risk. The promoter also considers the capital requirement for the proposed business activity.

2) Size of the business firm: - The decision about the size of the firm i.e. the scale of operations needs to be taken after finalizing a specific promising opportunity for setting a business unit. The size of the firm is influenced by a variety of factors such as financial, technical, marketing, managerial and so on. The size decided should be most appropriate or ideal.

3) Location of a business unit: - Deciding suitable location is one major step in the setting up of a new business unit. Location means the selection of the region, area and the specific site where the proposed unit is to be located. Selection of the wrong location may prove costly for the business. The various factors that should be taken into consideration are easy availability of raw material and labour, nearness market, supply of power and water, availability of banking, warehousing and communication, transport facilities. One should consider alternate location and select the best among them.

4) Selection of form of organization: - In this step, the decision is taken as regards the form of organization of the proposed enterprise. It may be organised as a sole proprietorship, partnership, Joint Stock Company or a cooperative society. While deciding a suitable form, various factors such as capital requirement, managerial skill requirement, size of the business and market available need careful consideration.

5) Financial and Tax Planning: - Adequate capital is essential for starting an enterprise and also for its smooth working. Appropriate financial planning ensures financial stability. The promoter should estimate the total financial layout which includes both fixed and working capital requirement and decide its sources. Tax planning helps to minimize tax liability. It depends on the form of organization, the areas where business is to be started as tax holiday and tax concession is given for units in hilly and backward areas.

6) Physical Facilities: - In this stage, the promoters have to decide the manner in which the physical facilities are to be arranged for a new enterprise. Promoters are expected to give attention to infrastructure facilities required by a new enterprise. Such as water, electricity, disposal of waste material, machinery, raw material, manpower, training of employees etc.

7) Legal formalities: - Setting up of a new enterprise particularly a large enterprise involves various legal formalities. Here, promoters have to study the legal provisions made by the government and local authorities for setting up of new business enterprises.

8) Organisation Structure: - Suitable internal organization structure is necessary for the conduct of business activities of an enterprise in an orderly manner. This avoids confusion, duplication of work and wastages of all kinds. While deciding organization structure, attention needs to be given to depart-mentation, delegation of authority and co-ordination among departments.

9) Manpower requirements: - In this stage, the promoters estimate the manpower requirement. It includes skilled and unskilled employees, supervisors, junior executives, managers, professionals and so on. Manpower is essential for efficient working of an organization, similarly, manpower requirement needs to be estimated correctly as the recruitment, selection, training and other human resources development activities are undertaken as per the manpower requirement estimated.

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10) Launching the Enterprise: - At this final stage, the major portion of promotional work before starting a business enterprise comes to an end, and the actual work of starting the business activity starts. This includes the acquisition of land, the necessary construction work, purchase of machinery, tools and equipment, hiring of manpower, conducting production on trial basis etc.

Introduction: -The term "entrepreneurship" is often used synonymously with "entrepreneur". Though they are two sides of the same coin, conceptually they are different. The entrepreneur is a business leader and the function performed by him is entrepreneurship

According to Robert Hisrich "Entrepreneurship is the process of creating something new and assuming the risks and rewards".

CHARACTERSTICS OF ENTREPRENEURSHIP: - The above definitions bring out the nature and characteristics of Entrepreneurship: -

1) Innovation: - A businessman, who simply behaves in traditional ways, cannot be an entrepreneur. Innovation involves problem solving and the entrepreneur is a problem solver. According to Schumpeter entrepreneurship is a creative activity. An entrepreneur is basically an innovator who introduces something new in the economy.

2) Risk and Rewards: - Entrepreneurship activity is undertaken to assume risks and rewards. Any innovative activity is always subject to risks and uncertainties. If the innovative activity is successful, the entrepreneur will reap rewards, otherwise, the entrepreneur has to assume risks of failure. Therefore, an entrepreneur needs guts to assume risks, and he gets glory when there is success.

3) Managerial skill and leadership: - Managerial skill and leadership are the most important facets of entrepreneurship. Financial skills are only of secondary importance. A person who is to become an industrial entrepreneur must have more than the drive to earn profit. He must have the ability to lead and manage.

4) Exploits change into an opportunity: - An entrepreneur always looks for a change. If there is a potential for a change, he responds to it. He exploits the change as an opportunity for different business. Seeking change and converting into an opportunity is the hallmark of entrepreneurship.

5) Group Level Pattern: - Entrepreneurial characteristics are found in clusters which may qualify themselves as entrepreneurial groups. Entrepreneurial activity is generated by the particular family background, experience as a member of certain groups and as a reflection of general values.

6) Organisation Building: - Entrepreneurship implies the skill to build an organization. Organization building ability is the most critical skill required for industrial development. This skill means the ability to multiply one-self by effectively delegating responsibility to other.

7) Gap Filling Functions: - The most significant feature of entrepreneurship is gap filling. It is the Job of the entrepreneur to fill the gap or to make up the deficiencies which always exist in the knowledge above the production function. Some inputs like motivation and leadership are vague and their output is indeterminate. An entrepreneur has to marshal all the inputs to realize the final product.

8) Social and Economic Development: - Entrepreneurship activity facilitates social and economic development. Due to entrepreneurship, the production of better quality goods and services take place, which in turn facilities economic growth of the nation. Also

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entrepreneurs play an important role in social development by supporting social development activities like health, education, community development, etc.

9) High Achievement: - People having high need for achievement are more likely to succeed as entrepreneurs. The achievement motive is, by assumption a relatively stable enduring characteristic of an individual. Achievement motive can be increased by deliberate efforts. Various studies a psychological roots of entrepreneurship reveal the presence of high achievement among successful entrepreneurs.

IMPORTANCE OF ENTREPRENEURSHIP: - The importance of entrepreneurship in a developing economy lies in the fact, that an entrepreneur as a change agent is alone responsible for the development. Following are the importance of Entrepreneurship.

1) Economic Development: - Economic development is a highly dynamic process characterized by continual and of ten changes. As industry grows and income rises, pattern of demand shifts, new product are needed, new opportunities appear for the production of goods within the country, resulting in growth within the country, resulting in growth and development of the nation. Entrepreneurship activity contributes to the economic development of a nation.

2) Social Development: - Entrepreneurs play an important role in social development of a nation. He contributes funds towards social development activities like health, education, and community development activities. They also generate new and innovative ideas to enhance social development in the society.

3) Regional Development: - The growth of industry and business leads to a lot of benefits to the society. When the industries are concentrated in selected cities, development gets limited to these cities. When the new entrepreneurs grow at a faster rate, in view of increasing competition in and around cities, they are forced to set up their enterprises in the smaller town away from big cities. This helps in the development of backward regions.

4) Create wealth: - All individuals who search business opportunities usually, create wealth by entering into entrepreneurship. The wealth created by the same play a considerable role in the development of nation. The business as well as the entrepreneur contributes in some or other way to the economy, may be in the form of products or series or boosting the GDP rates or tax contribution. Their ideas, thoughts and inventions are also a great help to the nation.

5) Employment Generation: - Unemployment is the major problem of our country. The available employment opportunities can cater only 5% to 10% of the unemployed. Entrepreneurs generate employment both directly and indirectly. Directly create employment through self-employment as an entrepreneur and indirectly by starting many industrial units they offer jobs to millions. Thus entrepreneurship is the best way to fight the evil of unemployment.

6) Capital Formation: - Entrepreneurs facilitate capital formation in the country. The entrepreneur provide employment to people. The employees save a part of their income. The entrepreneurs also save a part of their profits. These savings lead to investment. Investment in term facilitates capital formation, i.e. production of capital goods, which can be used for further production of consumer goods and services.

7) National Income: - National Income consist of the goods and services produced in the country and imported. The goods an services produced are for consumption within the country as well as to meet the demand of exports. The domestic demand increases with increase in population and increase in standard of living. The export demand also increases to

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meet the needs of growing imports due to various reasons. An increasing number of entrepreneurs are required to meet this increasing demand for goods and services. Thus entrepreneurs increase the national income.

8) Revenue to the Government: - The entrepreneurs provide revenue to the government. They provide revenue in the form of direct and indirect taxes. The direct revenue comes in the form of personal income tax and corporate tax paid by entrepreneurs. The indirect revenue comes in the form of excise duty, custom duty, service tax etc., paid by the entrepreneurs. The entrepreneurs paid revenue to the government in the various forms of taxes.

9) Consumer welfare: - Entrepreneurship activity facilitates consumer welfare. Due to innovative ideas, consumers can enjoy new and better types of goods and services. Also due to employment, purchasing power of the people increases, resulting in more demand for new and better type of goods. Therefore, the standard of living of the society improves.

10) Provides Satisfaction: - Although entrepreneurship is a challenging task but in most of the cases the rewards it gives are much more than what one anticipates. It does not only reward an entrepreneur at financial levels but also an personal level. It provides satisfaction to the entrepreneur.

Factors Contributing to the Growth of Entrepreneurship: - The post-Independence period in India witnessed the growth of Entrepreneurship development. The factors can be broadly divided into two groups: -

Economic Factors	Non-Economic Factors
1) Bank Credit.	1) Professionalism in Business
2) Competition.	2) Personal Factors.
3) Increase in Demand.	3) Quality Conscious Customers.
4) Economic Infrastructure.	4) Reduction in Bureaucratic Formalities.
5) Funding by Venture Capitalists.	5) Social Support for New Ventures.
6)Government Incentives.	6) Socio-Cultural Factors.

Types of Entrepreneurs: -

COMPETENCIES OF ENTREPRENEURS: - A successful entrepreneur needs to have an all-round personality, which comprises of the following elements: -

1) Risk Taker: - An entrepreneur should have the capability to take moderate risk in critical situation and learn quickly from the failure. It is t be noted that entrepreneur take moderate risks, as compared to gamblers who take extreme risks.

2) Organizer: - Entrepreneurs need to be clever at handling people and situations. They not only need to be resourceful but need to be also good at managing and organizing the resources for starting the enterprise and kept it going. Therefore, entrepreneur requires highest level of organizing abilities.

3) Innovator: - An entrepreneur must have innovative ideas. The key to entrepreneurship is innovation. It is the capability to come out with new ideas and make them work in a competitive and consumer oriented environment so an essential quality of an entrepreneur is that he must be innovative.

4) Technical Knowledge: - An entrepreneur must have sufficient technical knowledge. An entrepreneur with a high level of administrative ability, human relations, communication

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skill, creative and technical knowledge stand a much better chance of success. Technical knowledge also implies knowledge about the product, process or technology used in manufacturing.

5) Energetic: - An entrepreneur should have the ability to put in long hours of work, for which his energy level must be high, physical and mental fitness plays an important role. This means that there cannot be any compromise on hard work if an entrepreneur has to reach his goals. That is why he has to be perseverant and committed to his goals.

6) Patience: - Patience means steadiness, endurance and perseverance in the performance of a task. A good amount of patience is necessary in any type of occupation. Patience does not mean just waiting or tendency to stop working or delaying decisions. Patience means doing the work and then waiting for the result. In other words, an entrepreneur should not wait for actions but can certainly wait for result of his efforts.

7) Decision making skill: - An entrepreneur should have the ability to take and implement decisions quickly but not hastily. He is required to take minor or major decisions. A successful entrepreneur is one who takes a right decision at the right time and implements if efficiently and effectively.

8) Human Relation: - An entrepreneur must maintain good relations with his customers. He must also maintain good relations with his employees if he is to motivate them to perform their jobs at a high level of efficiency. In order to maintain good human relation, he should have emotional stability, personal relations, tact fullness and consideration.

9) Open - Mindedness: - Open - mindedness means a free and frank approach in accepting one's errors and then making efforts to rectify the same. A successful entrepreneur is open to constructive criticisms. He is willing to learn from his past experience and mistake and moulds himself for better future.

10) Communication skill: - An entrepreneur should have the ability to communicate effectively. Good communication means both the sender and the receiver of the message understand each other's. He is more likely to succeed if he can communicate effectively with his employees, creditors, suppliers and customers.

11) Vision and foresight: - Every entrepreneur needs to be a visionary in order to turn his dreams into realities. They must be able to visualize and forecast future events and plan accordingly. Besides an entrepreneur is one who can analyse future need and trends and turn them into an advantage.

Incentives to Entrepreneur in India: -

"MAKE IN INDIA" Initiative: -

PROBLEMS OF WOMEN ENTREPRENEURS: -

In India, women entrepreneurs face a number of problems. Apart from the problems faced by entrepreneurs in general, the women entrepreneurs have to face certain special problems. Therefore, the problems before women before women entrepreneurs can be broadly divided into two groups.

(A) Business Related Problems: -

1) Problem of Finance.

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2) Problem of Marketing.
3) Problem of Raw Materials.
4) Problem of Technology.
5) Problem of Infrastructure.
6) Poor Quality Control.
7) Low Labour Productivity.
8) Lack of Professional Management.

(B) Gender Related Problems: -

1) Problem of Dual Responsibility.
2) Limited Mobility.
3) Problem of education.
4) Male-Dominated Business Community.
5) Low Risk Bearing Ability.
6) Problem of Managing Male Workers.

PROMOTION OF WOMEN ENTREPRENEURS: -

1) Entrepreneurship Development Programmes.
2) Special Awards.
3) Women Cell.
4) Schemes by SIDBI.
5) Income Generating Scheme.
6) Scheme of Bank of India.
7) Scheme of State Bank of India.
8) District Industrial Centres.
9) Scheme of SFCs/SIDCs.

- Compiled by Amit Sir

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